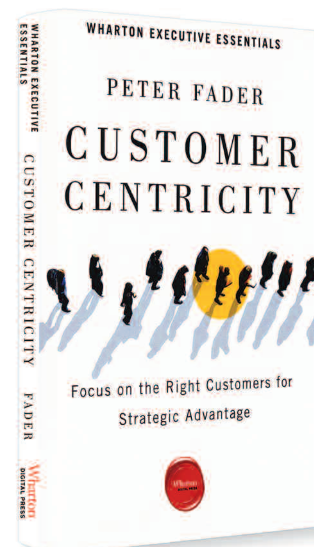
Executive Book Summaries®
www.summary.com

Marketing

Customer Centricity

Focus on the Right Customers for Strategic Advantage



by Peter Fader

THE SUMMARY IN BRIEF

Not all customers are created equal. Despite what the tired old adage says, the customer is not always right. Not all customers deserve your best efforts: in the world of customer centricity, there are good customers … and then there is pretty much everybody else. Upending some of our most fundamental beliefs, renowned behavioral data exert and Wharton School professor Peter Fader provides insights to help you revamp your performance metrics, product development, customer relationship management and organization in order to make sure you focus directly on the needs of your most valuable customers and increase profits for the long term.

In *Customer Centricity*, executives will discover that some of companies that are considered customer friendly do not truly put their customers at the center of their operations. The practice of being customer centric requires organizations to identify their most important customers and craft their strategy around them. Although the model presents challenges to a company's budget and processes, the rewards from getting the most from the best customers make *Customer Centricity* a journey worth taking.

IN THIS SUMMARY, YOU WILL LEARN:

- Why the product-centric approach is more vulnerable than ever before.
- How strategies of customer centricity can help you gain competitive advantage.
- Why the traditional models for determining the value of customers are flawed.
- How to use customer-centric data to make smarter decisions about your company.
- How your company can put customer relationship management to proper use.

CONTENTS

Product Centricity: Cracks in the Foundation
Page 2

Customer Centricity: The New Model for Success
Page 3

Customer Equity: New Views on Value
Page 5

Customer Lifetime Value: The Real Worth of Your Customers
Page 6

Customer Equity vs. Brand Equity
Page 6

Customer Relationship Management: The First Step Toward Customer Centricity
Page 8

Published by Soundview Executive Book Summaries®
500 Old Forge Lane, Suite 501, Kennett Square, PA 19348 USA
© 2012 Soundview Executive Book Summaries® • All rights reserved. Reproduction in whole or part is prohibited.
Concentrated Knowledge™ for the Busy Executive www.summary.com • December 2012 • Order #34W-TFS

THE COMPLETE SUMMARY: **CUSTOMER CENTRICITY**

by Peter Fader

The author: Peter Fader is the Frances and Pei-Yuan Chia Professor of Marketing at the Wharton School of the University of Pennsylvania. He is also the co-director of The Wharton Customer Analytics Initiative.

From *Customer Centricity: Focus on the Right Customers for Strategic Advantage* by Peter Fader. Copyright © 2012 by Peter Fader. Adapted by arrangement with the publisher, Wharton Digital Press, 117 pages, $14.99.
ISBN: 978-1-61363-016-7. To purchase this book, go to www.amazon.com or www.bn.com.

Summary copyright © 2012 by Soundview Executive Book Summaries® www.summary.com, 1-800-SUMMARY.

For additional information on the author, go to www.summary.com.

Introduction

Nordstrom is a high-end retailer that sells many wonderful products. But Nordstrom is not really famous for what it sells; it is famous for how it sells — with truly outstanding customer service.

According to legend, the year was 1975, and an unhappy owner of a set of worn-down tires walked into the new Fairbanks, Alaska, Nordstrom outpost and asked to return them. The request was an odd one for several reasons, the most notable being this: Nordstrom not only did not sell the man the tires in question, but also did not sell tires at all.

No matter, the story goes; the store granted the request anyway. All at once, Nordstrom had a handy little story on which to hang its customer-service hat.

But here's what you need to understand: Nordstrom was probably wrong to do this.

Despite everything you may have ever learned about business, I am here to let you in on this little secret: the customer is not always right.

Rather, the right customers are always right and, yes, there is a difference.

Customer centricity is a strategy to fundamentally align a company's products and services with the wants and needs of its most valuable customers. That strategy has a specific aim: more profits for the long term.

Customer centricity is about identifying your most valuable customers — and then doing everything in your power to make as much money from them as possible and to find more customers like them. These customers give you a strategic advantage over your competitors; it's a strategic advantage that could be the best path forward for many companies.

Product Centricity: Cracks in the Foundation

What is the primary objective of every company in every sector and every marketplace in the world?

Well, the answer is obvious, isn't it? The only reason anyone goes into business — the only reason any commercial enterprise exists — is to make a profit and to maximize those profits over as long a time period as possible. And, broadly speaking, for the better part of the past century, all companies have used the same general strategy to achieve that goal. That strategy can be termed "product centricity."

Organizations that follow this model are literally built, from top to bottom, around the demands of the product:

- All strategic advantage is based on the product and the product expertise behind those products.
- Divisions and teams are set up around products.
- Employees are rewarded based on their ability to create new products or sell existing products.
- The long-term focus is about strengthening the product portfolio and constantly finding new ways to expand it.
- The brand is perceived to have greater value than the customer.

It's a time-tested and well-proven approach to business, so it's no surprise that 99 percent of companies on the planet still operate this way today. It doesn't matter if they are selling widgets or consulting services or plastic surgery or education; most business executives view the world through the lens of product centricity.

Take a look at Apple — possibly the most successful product company in existence today. Apple kicked off

1-800-SUMMARY
service@summary.com
Published by Soundview Executive Book Summaries® (ISSN 0747-2196), 500 Old Forge Lane, Suite 501, Kennett Square, PA 19348 USA, a division of Concentrated Knowledge Corp. Published monthly. Subscriptions starting at $99 per year.
Copyright © 2012 by Soundview Executive Book Summaries®.
Available formats: Summaries are available in several digital formats. To subscribe, call us at 1-800-SUMMARY (240-912-7513 outside the United States), or order online at www.summary.com. Multiple-subscription discounts and corporate site licenses are also available.

Rebecca S. Clement, Publisher; **Sarah T. Dayton**, Editor In Chief; **Andrew Clancy**, Senior Editor; **Amanda Langen**, Graphic Designer; **Jeannette Scott**, Contributing Editor

fiscal year 2011 with the single-best quarterly performance in company history. Apple sold 4.1 million Macs that quarter (nearly 25 percent more than they had in the previous year) along with 16.3 million iPhones, 19.45 million iPods and 7.33 million iPads. Revenues reached $26.74 billion. Profits topped $6 billion. Who can argue with that kind of success?

In that sense, Steve Jobs and the powers-that-be in Cupertino, Calif., have no reason to change. No reason at all.

At least not yet.

Why Are There Cracks in the Foundation of Product Centricity?

The rules of the game have changed and consumers hold far more power than ever before in today's ultra-competitive business environment. Make no mistake: although the product-centric model is not quite broken, there are certainly some cracks in the foundation. Those cracks can be traced to four key factors:

1. Technological advances and the speed with which new technologies are created and copied.
2. Globalization and the geographic advantages that have been lost as a result.
3. Deregulation and the way it has shaken up traditionally stable industries.
4. The rising power of consumers and their newfound ability to get what they want, whenever they want, from whomever they want.

These trends have reshaped the world of business — and they should not be ignored.

So where does this leave product-centric companies? Well, in my view, it leaves them vulnerable.

Today, for the first time in history, companies can collect massive amounts of data about their customers.

This data explosion is the last crack in the foundation and possibly the most important reason why the product-centric model is imperiled. Customer-level data are more available to you today than ever before. And if you don't use it, your competitors will.

Why Does Being Customer Friendly Fall Short of Being Truly Customer Centric?

When I poll my students, more hands go up as affirmation of Apple's presumed customer centricity than for any other firm. Apple has deservedly leapt to the forefront of the computing world. The company has evolved into a powerhouse. More than that, the company is a marketer's dream. Apple is trendy, hip and enormously popular among young people, and it is supported by a legion of fans who are loyal beyond all measure of loyalty. Apple people are truly all in for Apple. And it is certainly true that the company goes out of its way to treat is fans pretty well; as my son can attest, if your iPod breaks, the good folks at the Apple Store will treat you wonderfully while you await your repairs.

But again that's not really the point of customer centricity.

For as much as Apple appears to care about its customers, the company has thus far taken only modest steps to really understand those customers.

Millions upon millions of people buy Apple's products every single month. The company has countless opportunities to engage with those customers, learn from them, understand them. But what does Apple do to actually achieve this? What does the company really know about each of those millions of people who so anxiously await each and every new product offering? Surprisingly, it knows very little.

For proof, look no further than iTunes, which, despite its massive popularity and industry-shaping influence, was actually quite late to the party for something as basic as a recommendation engine. The Genius engine, which uses past purchase history to tell customers what other songs they may like, didn't arrive until 2008. That's a stunningly delayed response, especially considering the fact that Amazon had been doing basically the same thing for more than 10 years.

I'm not here to say their model doesn't work, because it quite clearly works just fine. But I am here to say that even enormously successful companies like Apple will eventually need to start thinking in new ways, questioning the status quo, and wondering what comes next.

Customer Centricity: The New Model for Success

The ultimate aim of the customer-centric model is the same as the ultimate aim of the product-centric model: to make the company as profitable as possible in the long run.

Yes, the *ends* of customer centricity may be conventional; the *means* of customer centricity, however, are radical. And, in the end, putting customer centricity into practice demands a good bit of work — and a willingness to suffer a short-term hit in the pursuit of the long-term gain.

For now, let's start with the basics — a definition of customer centricity:

Customer centricity is a strategy that aligns a company's development and delivery of its products and services with the current and future needs of a select set of customers in order to maximize their long-term financial value to the firm.

Customer centricity requires that a company be willing and able to change its organizational design, performance metrics, and employee and distributor structures to focus on this long-term creation and delivery process.

The Organizational Challenge

The idea that some customers matter more than others is a radical one. But so is the idea that your company should completely retool its research and development functions, rework its metrics and generally rethink every aspect of its daily operations specifically to meet the demands of those right customers — and, in the process, acknowledge that your old way of doing things was, for lack of a better term, misguided.

So many companies are so good at the product-centric basics — inventing a thing, producing a thing, delivering a thing, inventing a new thing and so on — that they don't stop to ask themselves, even for a moment, whether the customers they are selling to are the right ones. In a customer-centric firm, however, that question gets asked repeatedly because customer centricity flips the model. Companies don't make and sell the products they think their customers will want; they make and sell products they know their customers will want.

Once you have identified your right customers the next steps are obvious. You mine those customers for information. You find out what they want, what they need and what they will demand going forward. You find out how to acquire new customers who share some of the key characteristics that distinguish your best customers.

The Financial Challenge

This must be said: customer centricity will cost you money, at least in the short term. You'll have to invest in the technologies and human capital necessary to collect and sort through data about your customers. You'll have to reorganize your organization to be more nimble, more flexible and more responsive to the needs of your core customers. Essentially, you'll have to be willing to suffer a short-term loss in order to achieve a long-term gain.

Customer centricity can allow your organization to make far more money from your most valuable customers who will buy from you more often and spend more when they do buy from you.

But most important, it will also generate profits — for the long term.

Few companies in the world understand this better than U.K. retailing giant Tesco. Through its massively successful and ever-expanding Clubcard customer loyalty program, first introduced in 1995, Tesco has, over the past two decades, aimed to both better understand on the macro-level scale what kind of marketing initiatives, promotions and sales are working on a company-wide basis and also drill down to the micro-level scale to every individual customer and initiate company-customer interactions that make each and every one of those customers feel valued — and, in the process, generate value back to the company.

Entire books have been written about Tesco's customer-centric initiatives, but really, the details of the program are quite simple. Every time a Clubcard patron buys something at Tesco, those patrons get points that are paid back to them four times per year and can be used, of course, to buy more Tesco products. So the customer wins. But Tesco wins too. It wins with data.

With each transaction made under the Clubcard program, Tesco gathers data about what was purchased, how much was spent, where the purchases were made and more.

Tesco executives have reason to trust their data. Before the introductions of the Clubcard program, Tesco was the second-largest retailer in Britain. Today, thanks in large part to the customer-centric ideas at the heart of the company's customer loyalty program, Tesco is ranked first in its home market and third in the world, with more than 4,800 locations around the globe and annual revenues of $62 billion as of 2010. And, although in the past half decade Wal-Mart has launched a campaign to beat Tesco in its core markets, the customer-centric U.K. titan has more than held its ground; in fact, in early 2011, London-based General Dynamics released a report predicting that Tesco would grow at an annual rate of 7.5 percent per year through 2015. That was the highest rate in the entire retail sector — higher even than that predicted for Wal-Mart.

The Paradox of Customer Centricity: What About Your Other Customers?

Understandably, many find this laser focus on a select few customers unsettling, and even for those who eventually come around to seeing the potential value in customer centricity, there often remains one big lingering question: What about all of the other customers? It's the elephant in the room. It is, as I like to call it, the paradox of customer centricity.

In order to do customer centricity right, you need to know almost everything there is to know about your customers, and knowing everything there is to know about your customers, and that requires resources — people, technology, man-hours. In the long-term, of course, I believe these huge efforts can and will pay equally huge dividends. But in the short term, well, there is the simple reality of paying the bills, making payroll and staying in business.

This is where your other customers come in. It's also where we acknowledge the paradox of customer centricity. In a customer-centric company, as we spend more and more of our time and money focusing specifically on the right customers, it turns out that we actually need those other customers quite a bit.

You want them to provide the steady influx of cash that will allow you to continue your work toward capitalizing on the right customers. You want these other customers to keep right on being your customers; you just don't want to burn any calories worrying about them. What I'm suggesting here is that you should view these other customers as low-hanging fruit. They are easy money.

And while those right customers get your best efforts, the others don't, And no, there's nothing wrong with that. In fact, from a strictly business perspective, it's the right way to do things.

I always stress to my students that the decision to become a customer-centric company is most certainly not a decision to become a boutique company. We in the customer-centric world are not downsizers. We don't want to shrink our customer pool or limit profits. Rather, we are simply interested in allocating our resources in the most efficient way possible. ●

Customer Equity: New Views on Value

Talk to a traditionalist or somebody with a more practical view of business and you'll likely hear that a firm's total equity can be derived by adding up all of the assets, tangible and otherwise, that can be found in one of two equity silos. There is, of course, financial equity, which includes such basics as cash, real estate, investments in other firms and other financial assets. And then there is operational equity, which encompasses a company's technologies, product lines, human capital and more. Add the two together and there you have it: a company's total equity.

It's hard to argue with this methodology, of course. It's simple, straightforward and grounded in the world of the tangible. But, as it turns out, determining a company's total equity is a tad more complicated than this two-pronged approach might suggest. Indeed, the task of quantifying a company's total equity requires some more thorough and more creative thinking about what, exactly, qualifies as equity in the first place. In fact, these people would have you believe that equity can also be found in two additional silos.

The more widely accepted of these two equity silos is brand equity, a rather novel and still controversial idea that nonetheless can be traced directly to the staid world of product centricity, where brand managers reign supreme. According to the brand equity backers, companies can find real, quantifiable value in their brands and in their brand portfolios. In other words, proponents of brand equity believe that, just as Coca-Cola could (and would) count its Atlanta headquarters building as an asset, so too could (and should) the company count its flagship Coke brand as an asset.

Although brand equity may indeed be real, and it may one day be quantifiable in a manner that CPAs around the world will accept, I'm fairly certain that it's often not quite as important or valuable to a company's overall equity as is the last piece of our equity puzzle: customer equity.

What Is Customer Equity?

Customer equity, quite simply, lies at the very heart of customer centricity.

I define it as follows: Customer equity is the sum of the customer lifetime values (CLVs) across a firm's entire customer base.

The implications of this straightforward definition are fairly obvious. If we are to agree that every company's objective is to maximize its overall equity, and if we agree that customer equity can and should be counted toward a company's overall equity, then we must also agree that companies should dedicate the resources necessary to do whatever it takes to maximize that customer equity.

Of course, before we can maximize customer equity, we must know how to quantify customer equity. And, as my definition suggests, we can't do that until we know the value — the CLV — of each and every one of our customers.

Which Companies Are More Likely to Find Value in Customer Equity?

Before we go any further, we should establish whether customer equity is something your company should fully

commit itself to acquiring. To answer that question, we need to first explore two other questions that, in a sense, draw an ever-important and, in some cases, very real line between those firms that naturally lend themselves to a product-centric approach and those that may be better suited to a customer-centric approach:

1. What kinds of firms are more likely to grow via brand equity?
2. What kinds of firms are more likely to grow via customer equity?

The answers to the first question are generally both predictable and absolutely on target, as product-centric powerhouses, such as Coca-Cola and Apple, are overwhelmingly tabbed as companies that could rightly claim enormous brand equity as a major source of value and a principal asset for future growth.

As for that second question? Well, the answers are decidedly more muddled. In many discussions, I've heard Comcast named as a potentially customer-equity-rich firm. American Express and American Airlines have been selected as well. In other words, when it comes to identifying potentially customer-equity-rich firms, there is hardly a consensus, either in the real world or in academia.

Customer Equity vs. Brand Equity

Although even experts in the field have yet to come to consensus on the standout customer-equity-rich firm, there is a general agreement on the vast *potential* of customer equity for certain markets and industries.

Contractual firms (e.g. those that utilize subscription models) are more likely to find value in customer equity.

Companies that sell highly customized offerings (e.g., grocery stores, in which every customer's cart full of items looks different) are more likely to find value in customer equity.

Companies that have powerful intermediaries standing between them and their end users (e.g., a consumer packaged-good manufacturer) are more likely to find value in brand equity.

Companies that inherently establish long-term relationships with their customers (e.g., insurance companies) are more likely to find value in customer equity.

Customer Lifetime Value: The Real Worth of Your Customers

CLV is the unit of measurement upon which customer centricity and customer-centric firms are built. I define CLV as follows: Customer lifetime value is the present value of the future (net) cash flows associated with a particular customer.

1. CLV is a forward-looking concept. CLV should not be confused with a customer's past profitability. When we calculate CLV, we are not looking backward. We are not concerned with how much value Joe Smith brought to us over the past year (there's another term for that: profit). What we are most concerned with (and rightly so) is how much Joe Smith is going to be worth tomorrow.

2. It is essential to use only relevant data to calculate CLV. For instance, although a proper calculation of CLV must take into account customer acquisition costs, only the most directly applicable of those costs should be considered. To my way of thinking, only those dollars specifically associated with a specific customer should be considered when running these calculations.

3. CLV calculations are predictive, not precise. Although the textbook formula seems to suggest that you can get a precise, true and accurate CLV — for example, that Joe Smith's CLV is $1.5 million — it is actually making a prediction for Joe Smith's CLV. We are making a guess — an educated guess, but a guess nonetheless. There is plenty of variability involved in that guess and we should never forget it.

4. Different methods are used to calculate CLV in different kinds of business settings. As one example, the terms "retention" and "churn" apply specifically and exclusively to the contractual setting: Will we continue to hold this customer's business when he decides whether or not to renew his contract? But these words make no sense at all in the noncontractual domain.

So, with these complications (among many others) in mind, we acknowledge that CLV calculations have their limits. Customer centricity has its limits, too. And this is why I believe the naive thinkers are wrong. If we are being completely honest, we will admit that when we calculate CLV, we're actually creating an *expectation* of value.

What Can CLV Do for Your Company?

When calculated correctly, CLV can:

- Tell you what your individual customer is worth;
- Allow you to estimate the value of your company's overall customer equity;
- Enable your company to divide customers into tangible segments, separating the most valuable and

committed customers into different groups and distinguishing them from the less valuable but numerous others;

- Create opportunities to help you refine marketing practices and ensure that the right approaches are being made to the right customers;
- Allow you to better predict how certain customers in certain situations might act going forward;
- Ensure that resources are used more efficiently in efforts to retain and develop existing customers and acquire new ones.

Why Are Traditional Approaches to CLV Calculations Flawed?

These methods are flawed because they violate the cardinal rule of customer centricity. They do not acknowledge the undeniable reality of customer heterogeneity.

For example, some companies might believe that all they need to do in order to calculate their overall customer equity is to take look at all of their existing customers as one massive homogenous group, calculate the CLV for "the average customer," then multiply by the size of the customer base. This approach is simple, straightforward and easily accomplished. It's also completely wrong.

If we are to accept that different customers will act in different ways, then we simply cannot accept the idea that the value of all those customers can be derived from the same set of data calculated in the same way, no matter their circumstances, their inherent levels of loyalty, their commitment to our firms or their overall tenure as customers.

How Can Customer Segmentation Create More Accurate CLV Calculations?

There is no one-size-fits-all solution in CLV, just as there is no one-size-fits-all solution in customer centricity. The most fundamental flaw of traditional methods for calculating CLV (and, by extension, customer equity) is the idea that one formula can be applied to all customers and give companies a clear idea of what their customers are worth. This flaw becomes readily apparent if we look at even just one key data point in any CLV calculation: retention rate.

Let's start with the hypothetical.

According to traditional CLV calculations, all customers in a contractual business setting (for example, subscribers to a magazine) essentially carry with them a "retention coin." For each retention period, those customers flip that coin. If that coin comes up heads, the customer stays; if it comes up tails, he or she leaves. So the probability of a customer staying for four time periods, for example, could be represented quite simply as the probability of a customer's coin coming up heads four times in a row. Such math would create a very specifically shaped survival curve that, in theory, illustrates how many customers will still be around after four years.

But the reality is that such a curve is almost never borne out by the data. A true survival curve, as it turns out, does not gently decline in a steady manner.

Now let's turn to our second example, which shows the implications of accounting for heterogeneity in a real-world setting. Vodafone Italia, the mobile powerhouse that recorded revenues of more than $2 billion in 2010, is one of the companies that has taken the first crucial step toward a clearer, more accurate picture of the value of its customer base.

Unlike some of its competitors, Vodafone is smart enough to understand that not all of its customers will renew their subscriptions with the same frequency. Some are more likely to renew and others are significantly less likely to renew. As a result, when working to understand its overall customer equity, the company doesn't just look at the average renewal rate of all of its customers; instead, it breaks those customers down into three customer segments, each grouped by their propensity to renew.

A Quick Discussion about Noncontractual Businesses

Terms like "retention" and "churn" don't apply in the noncontractual world. Customers go away in the noncontractual setting, but they do so silently; they have no need to tell the firm they are leaving by walking away from a contractual relationship. This makes for a much trickier CLV calculation.

We have to look at the time since a customer's last transaction and ask a question: Is the customer alive but dormant or is the customer "dead"? For instance, Amazon uses a one-year hiatus to define a lapsed customer. Maybe we don't care about any one of these customers; it is unlikely that they are the kinds of focal customers who deserve red-carpet treatment. But, on the other hand, these light buyers can be a huge chunk of the customer base.

State of the art CLV models capture this issue by focusing on the interplay between recency and frequency of each customer's transaction history. ●

Customer Relationship Management: The First Step Toward Customer Centricity

I want you to imagine a beauty salon on Main Street. The owner is a woman named Natasha and she's been running her shop for years. At Natasha's, the customers keep coming back and sending their friends and family, too. This means Natasha keeps making profits, quarter after quarter, year after year.

In her own way, she built her beauty shop, her business and her livelihood through customer centricity powered by Customer Relationship Management (CRM). She has thrived thanks to information and smart action on that information. And it's all in the cards — the big stack of index cards that help her to remember key details about key customers. She doesn't know everything about everyone — in fact, for many customers, she doesn't make much effort at all. What makes Natasha so successful is her ability to leverage the data she has collected on her focal customers over the years.

Those index cards are Natasha's CRM. They are the memory chips on which she saves the crucial information that makes her special in the eyes of her customers: birthdays, anniversaries, names of kids, likes and dislikes, product preferences, spending limits, favorite vacation destination and long-term aspirations. Those cards, in other words, offer her the bits of information she might be able to use for profit in the future — to promote a manicure or pedicure, provide someone a special discount to celebrate a child's graduation or even to suggest relevant products that aren't offered at her salon.

Natasha knows what her customers want. She knows what they need. She knows what they might be convinced to buy, given the right opportunity.

Because she knows all of this, she is perfectly positioned to succeed on two fronts. She can succeed in the bottom-line sense, of course, but she can also succeed on a deeply personal level, leveraging her vast well of information to enable the establishment of connections between company and customer that even the mightiest of corporations would envy.

What is CRM — and What Should It Actually Do?

A standard definition of CRM might read as follows: CRM is a coordinated set of systems that a company uses to help create and extract more value from its customer base.

A more suitable definition of CRM would be this: A direct manifestation of the customer-centricity business philosophy, CRM represents a firm's front-line efforts to better understand the unique characteristics and expected value of its focal customers and to use that information to appropriately allocate resources.

It's not about mass marketing. It's not about company-wide promotions or seasonal sales. It's about relationships — specifically, strengthening relationships.

So let us contrast this view of CRM with the standard definition that tells us CRM is a coordinated set of systems that a company uses to help create and extract more value from its customer base.

- The focus of a CRM effort should be less on systems and more on customers.
- CRM efforts often (over)promise on value creation and extraction without proper understanding of the underlying behavioral patterns. Although it's great to want to create and extract value, this won't occur without a deep understanding of customer behavior.
- CRM should not view the customer base as a mass of largely undifferentiated buyers; instead, managers need to celebrate heterogeneity to be truly customer centric.

Many very smart, very cutting-edge companies have great products and services to sell. But the truly customer-centric ones know their success is not based just on those products and services; their success is based, instead, on the means they use to leverage those products and services to understand the value of their customers, to identify the worthwhile ones and the dead weight, and to build operations and systems that will allow them to constantly fine-tune their understanding of the company's principal source of profits and growth.

Customer centricity gives you an advantage. It creates opportunity. It opens new doors. Customer centricity is about leveraging the single most valuable asset that your company has: your customers.

They are out there, waiting to be served. But they don't all expect, require or deserve the same level of service or attention. Ignore their heterogeneous needs at your own risk.

RECOMMENDED READING LIST

If you liked *Customer Centricity*, you'll also like:

1. ***Overpromise and Overdeliver* by Rick Barrera.** Barrera shows that today's most successful companies master Touchpoint Branding — the art of making sure that every point of contact between a company and its customers is well executed and fulfills an over-the-top brand promise.
2. ***Shopper Marketing* by Markus Stahlberg and Ville Maila.** Comprised of articles written by 35 experts from around the world, this book provides practical advice regarding shopper needs, trends and retail environments.
3. ***Snap Selling* by Jill Konrath.** Konrath offers four SNAP rules to win more sales, and she teaches us that sales is an outcome, not a goal.